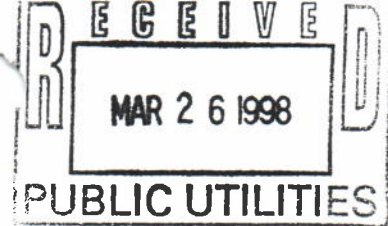




State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RIGHTS



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TO THE WATER USERS OF LITTLE COTTONWOOD CREEK

The purpose of this letter is to acquaint you with the Little Cottonwood Creek Distribution System which has been organized under the authority of the State Engineer and to explain the assessment notice which is enclosed and which is now due and payable.

On July 31, 1998, a meeting of the water users of Little Cottonwood Creek and representatives of the Utah Division of Water Rights was held in accordance with Utah Code Annotated Section 73-5-1 (1989). The purpose of the meeting was to discuss the organization of a distribution system for Little Cottonwood Creek and the appointment of a commissioner by the State Engineer to regulate the distribution of water on the creek. At that meeting, a committee was set up to work out the details of the system organization in coordination with the Division staff. The committee consisted of the representatives shown for the following water users:

MUNICIPALITIES

Murray City
Salt Lake City
Sandy City

John Mohlman
Jeff Niermeyer
Mike Wilson

IRRIGATION COMPANIES

Cahoon & Maxfield Ditch
Little Cottonwood Tanner Ditch
Richards Ditch
Walker Ditch
South Despain Extension Ditch

Christine Coon
Max Reese
Marv Widerberg
Glen Humphreys
Ron Vance

The South Despain Extension Ditch representative also represented the interests of the remainder of the irrigation companies and other water right owners on the creek.

Between the meeting on July 31, 1997 and the distribution system annual meeting on February 11, 1998, the committee met regularly with the Division staff to work out the details of how the distribution system would be set up. The issues discussed and resolved include the following:

The relationship of the municipalities and the irrigation companies to ensure equitable representation on the Distribution System Committee

The Little Cottonwood Creek Distribution System Committee will be the same as the organizing committee shown above. The purpose of the committee is to provide consultation to the State Engineer concerning the operation of the Little Cottonwood Creek Distribution System as described in Section 73-5-1 of the Utah Code Annotated, 1953 as amended. This consultation will include the recommendation of a person to act as commissioner, setting the annual budget for the system operation, setting the total assessment to be made to the water users, and establishing the duties of the commissioner in addition to those specified in the statute. In addition the committee

may discuss and resolve concerns related to improving the operation of the system and any other system issues as requested by the State Engineer.

It was recognized that the interests and the viewpoints of the municipalities and irrigation companies are different from each other and may sometimes be in conflict. To provide balance to the committee, it was divided into the two groups shown above. Each group will have veto power, so the two groups must be in agreement for each decision made by the committee.

The chairman will serve as the main liaison between the committee and the Division of Water Rights and between the committee and the commissioner. The committee chairman will serve for a term of one year. The committee vice-chairman will serve in the place of the chairman when necessary. The vice-chairman will serve for a term of one year and will become the chairman at the end of his term. The vice-chairman will be selected from alternating groups, i.e. one year the vice-chairman will be selected from the municipal group and the next year from the irrigation company group.

The committee officers for 1998 are:

Chairman:	Max Reese	261-1922
Vice-Chairman:	Jeff Niermeyer	483-6785

How the water commissioner will be selected

Two co-equal water commissioners will be appointed to regulate the distribution of water from Little Cottonwood Creek. One commissioner will represent the municipality group and one commissioner will represent the irrigation company group. Each commissioner will be nominated by the group that he or she represents and both commissioners will be voted on and approved by both groups. The commissioners' duties will be shared by the two commissioners and they will have the flexibility to determine how the responsibilities are met and the details of how they work together.

The co-commissioners will be appointed each year by the State Engineer after receiving the recommendation from the Little Cottonwood Creek Committee and the approval of the water users at the annual meeting. It is anticipated the commissioners will continue to serve over a period of several years because it will take a year or two for the commissioners to learn the operation of the distribution system. In the event there are not adequate nominations from the committee members, the commissioner position(s) may be advertised and applications for the position(s) received by the committee. The committee may elect to interview the nominations or applicants to determine their qualifications and experience.

The Co-Commissioners for 1998 will be:

Tim O'Hara (representing the municipalities)

Marv Widerberg (representing the irrigation companies)

A list of the phone numbers for contacting the commissioners is enclosed.

Responsibilities of the Co-Commissioners

A separate document entitled "Co-Commissioner Position Description" is enclosed which explains in detail the duties of the river commissioners.

The Distribution System Budget

Enclosed is a copy of the 1998 system budget which was set up by the committee.

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Little Cottonwood Creek

The Distribution System Assessment

Enclosed is your 1998 assessment notice. The purpose of the assessment is to provide the funds necessary to pay the commissioners' salaries and the distribution operating expenses according to the budget.

Also enclosed is a copy of the spreadsheet used to calculate the assessments for each of the water users on Little Cottonwood Creek. Normally, the assessment will be based on the amount of water delivered to each water user the previous year as reported by the commissioners. However, since this is the initial year of operation for the system, no such records are available. Until these records are available, it was decided to base the assessment on the 30 year average flows of Little Cottonwood Creek and the amount of water each water user would receive according to the court decreed water rights. Primary water rights were assessed at a higher rate than surplus water rights.

It is very important that you pay your assessment in a timely manner. Section 73-5-1 of the Utah Code Annotated states in part:

"The salary and expenses of the commissioner or commissioners and all other expense of distribution ... shall be borne pro rata by the users of water from such river system or water source ... and the pro rata share shall be paid by each water user to the State Engineer in advance of or before May 1 of each year. Upon failure to do so the state engineer may: create a lien upon the water right affected ...; forbid the use of water by any such delinquent, or by any of the delinquent's successors or assigns, while the default continues; bring an action in the district court of the unpaid expense and salary In any action brought to collect unpaid assessments the delinquent water user shall be liable for the amount of the assessment, interest, any penalty, and for all costs of collection, including all court costs and a reasonable attorney fee."

If the assessment is not paid by June 1, a 10% delinquent fee will be added to the amount of the assessment due.

Annual meetings

The committee determined that the Little Cottonwood Creek Annual Distribution Meetings will be held each year during the first half of January. Notice of the annual meeting will be mailed to each water user at least 10 days prior to the meeting.

I hope this information will help you understand how the distribution system will be operated. If you need further information, please contact me at 538-7380 or Jim Riley, Regional Engineer, at 538-7400.

Sincerely,



Lee H. Sim, P.E.
Assistant State Engineer
for Adjudication and Distribution

cc: Jim Riley
Marv Widerberg
Tim O'Hara